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Title:

Australian Labor Party Interstate Social Services Committee Final report to Federal
Executive - 5th December, 1960

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A U S T R A L I A N L A B O R P A R T YINTERSTATE SOCIAL SERVICES COMMITTEEFinal Report to Federal Executive - 5th December, 1960.

This Report contains no spectacular recommendations. For example, there is no proposal for the abolition of the Means Test within a set period, nor any plan for a National Superannuation Scheme, nor anything of that kind. The Committee, after much consideration, has rejected the idea of a Contributory Insurance Fund. Nor does it recommend the re-establishing of the National Welfare Fund. On the other hand, it does recommend substantial extension of National Assistance to people based on their individual needs, this existing at present in a most limited form in the Government's recently adopted plan of Supplementary Assistance to the extent of rent allowance of 10/- a week subject to severe restrictions on eligibility.

Yet, the adoption of your Committee's recommendation will add approximately £100,000,000 a year to the cost of Federal Social Services, already running at over ~~£250~~ £250,000,000 a year. It is this consideration of cost which has constantly affected the Committee in its recommendations, and has restricted it from making additional proposals at this stage. £250

The Committee has viewed its task as being to prepare well in advance, so as to allow every opportunity for their further consideration, proposals for inclusion in Labor Party policy for the 1961 elections. Although the additional expenditure involved of £100,000,000 a year may at first sight seem very large, it represents the cost of minimum social justice in the Committee's view, and is largely incurred in redressing the loss in social service values which the present Government has allowed to occur as inflation has increased. Further inflation between now and the election may involve further increase in the rates that we propose.

Thus to provide the new recommended rates of child endowment would cost a minimum of £64,000,000 a year (and up to £70,000,000 perhaps), and yet would not fully restore the value of those payments in purchasing power to the 1948 level (for second and subsequent children) and to 1950 level (for first child).

The obligation to restore a measure of value to child endowment payments is inescapable, and when is added to it the obligation to restore free treatment in public wards of public hospitals (already adopted in the Party's Health policy) it will be seen that even without the additional commitments our Government's Treasurer will be facing a formidable task.

Therefore, on the Means Test the Committee has confined itself to a recommendation that the present policy of the Party be reaffirmed, namely, "Progressive easing of the Means Test applicable to Social Services with a view to its ultimate abolition", that some amelioration of the income test be proposed at the 1961 election, and that no further amelioration of the property test be proposed at present. (The Government, in its 1960 Budget, adopted exactly the proposal on the property test which the Committee favoured, and which it had submitted to the Department of Social Services for an estimate of cost.)

The income means test has remained unaltered since 1954. (The permissible income of a pensioner, without loss of pension, has continued at £3/10/- a week since that year). The income test is therefore due for change in the light of changed money values alone, apart from the question of its further amelioration in the light of our policy.

The Committee would have liked to recommend a definite figure, say £5 a week, but feels (1) that such a decision should be

stood over until after March, 1961, when the effect and cost of the Government's new property means test (which will then become operative) can be studied and, (2) that subject to the availability of finance, first preference should be given to providing further help for those in direst need through the scheme of National Assistance.

The scheme of National Assistance operating in the U.K. has impressed the Committee, and it has been greatly concerned by the radical difference in the lot in life of the "best off" and "worst off" groups receiving Social Services.

It was pointed out to the Committee, for example, that a married couple receiving a full pension each, and who also possess the maximum income and property permitted under the Means Test, plus their own house, their own car, and all the other things which are excluded from the property definition, lead a quite tolerable life, but on the other hand a pensioner living alone, with no resources except the pension, and paying an exorbitant rental for a room, can only lead a dreadful existence.

Similarly, there is a difference in the needs of the worker who has to draw sickness or unemployment benefit for, say, a fortnight, and the worker who has to draw such benefit for many months. That is why the Committee recommends that the system of National Assistance become part of the Party's policy. It would operate in two ways:-

(1) By extension of the present supplementary (rental) allowance. Where the maximum is now 10/- a week, we would suggest 30/- a week. Where the conditions are now so rigid as to shut out many pensioners in urgent need of this assistance, we would recommend a liberalising of these conditions.

(2) By establishing a system of supplementary benefits to be paid either permanently or for a particular period or for a special purpose to a social service recipient who could demonstrate a special state of need. (For example, an invalid pensioner living alone might need help to purchase a new mattress).

(It is recognised that State Governments, to a limited degree, and to a varying extent, meet such special needs now, but it is considered desirable to establish a uniform and extended national system.)

In many cases eligibility for supplementary assistance could be defined by Act or Regulations. In other cases senior officers of the Department should have the power to decide on the application with the right reserved to the applicant of an appeal to an independent committee.

At this stage it will be appropriate to set out the detailed recommendations of the Committee.

The first four recommendations (relating to basic pension, National Supplementary Assistance, dependant wife's allowance, and child endowment,) have already been set out in the interim report of August 29, with comments and explanations, but are repeated here for convenience.

Following the list of recommendations, a list of estimated costs is supplied, and explanatory notes dealing with a number of the matters discussed by the Committee are also included.

RECOMMENDATIONS

Basic Pension: (Age and invalid). With the basic wage (sic capital cities) as an index, to be fixed at an amount equal to £5/5/- in December, 1959, and thereafter to be varied in accord with changes in this basic wage.

National Supplementary Assistance: Rental allowance up to 30/- a week. Special payments for special needs (see explanation above).

Dependant Wife's Allowance: (Invalid pensioner). To be increased from 35/- a week to the amount received by a "B" class widow. (Failure to adjust this allowance has long been a glaring anomaly, and the impossibility of a couple living on one invalid pension plus 35/- needs no argument).

Child Endowment: We recommend that the proposals in the 1958 Policy Speech be repeated after taking into account increased living costs since then, using the basic wage as the index. The 1958 proposals were first child 10/- a week, instead of 5/-; second child 17/6 a week, instead of 10/-; additional children 20/- a week, instead of 10/-. After taking into account c.o.l. increases round figures should again be used.

Pensions Means Test: No proposal on property test. An increase in permissible income, amount to be determined at a date nearer to the election (see above).

Maternity Allowance: Repeat 1958 proposal, namely, "Labor will double the Maternity Allowance to reach £30 for the first child, rising to £35 for the fourth and subsequent children". (Note present rates were fixed by the Curtin Government in 1943).

Funeral Benefit: Increase from £10 to £30. (Note, the present rate was fixed by the Curtin Government in 1943). The Committee unsuccessfully considered how to ensure that the pensioner's relative received the benefit, not the undertaker through increased charges.

Unemployment & Sickness Benefit: Recommend increase for adult to £4 a week (now £3/5/-), for spouse £2/10/- (now £2/7/6), and for each dependant child 10/- (now paid for first child only). Corresponding increases in benefits for minors unemployed or ill. (Note, the Curtin Government introduced these benefits in 1944, and in 1952 the Menzies Government doubled the rates, since when there has been no change until recently when the rates were further increased to the amounts shown above).

Widows' Pensions: All "A" class widows who are solely engaged in the care of their children, and not in outside employment, to receive a domestic allowance as do War widows now. "A" class widows are those with one or more dependant children under the age of 16 years. The domestic allowance for War widows is £3 a week. Your Committee did not finally determine its recommendation on the amount of such allowance for "A" class widows, but on the latest figures (October, 1960) cost would be at £1 a week, £1,250,000, at £2 a week, £2,500,000, at £3 a week, £3,750,000 a year. Payment of domestic allowance to make such widows ineligible for rent allowance. All "B" and "C" class widows to receive pension at same rate as fixed for age and invalid pensioners. A "B" class widow is one not less than 50 years of age and without children. A "C" class widow is one not in class "A" or "B" but in temporarily necessitous circumstances following the death of her husband.

Age Pension Entitlement: At present, men 65 years, women 60 years. We recommend no change after considering proposals to lower the age.

Age Pension Residential Qualification: We recommend 10 years, instead of 20 years. This is a burning question with many New Australians, and the Committee has received strong representations.

Aged Persons Homes Act: Recommend that the Commonwealth subsidy of £2 for £1, (now granted to charitable and religious organisations) be extended to include Local Government Bodies. (Note, the scheme at present benefits only a select few as is evidenced by the fact that the cost to the Commonwealth is only around £2,000,000 a year).

Appeals Tribunal: We recommend that applicants for social service benefits have the right of going before an Appeals Tribunal. An applicant for invalid pension may wish to contest the medical evidence, for example, or an applicant for age pension the valuation placed on his property.

Estimated Cost of Proposals

	<u>Present Cost</u> <u>(1960/61)</u>	<u>Cost Of Our</u> <u>Proposal</u>
Age & Invalid Pensions	- £158,000,000	£8,000,000
Funeral Benefits	- 371,000	700,000
Dependant Wife	- Not shown	3,000,000
Child Endowment	- 74,000,000	64,000,000
Maternity Allowance	- 3,700,000	3,700,000
Unemployment & Sickness	- 6,400,000	1,500,000
Benefits		
Widows Pensions	- 13,900,000	Say 2,500,000
National Assistance	- Does not exist	Unknown
Pensions Means Test	-	Say 10,000,000
TOTAL	<u>£256,371,000</u>	<u>£93,400,000</u>

To the figure of £93,400,000 must be added the cost (unestimated) of the National Assistance proposal.

Provision must also be made for increased costs under various headings due to increase in number of beneficiaries. For example, it is estimated that the annual normal increase in the cost of age and invalid pensions now runs at the rate of £5,000,000 a year, of widows pensions at the rate of £700,000 a year, of child endowment at the rate of over £2,000,000 a year.

Detailed Statements

In the interim report of our Committee summaries were given of detailed statements used by the Committee in its deliberations. Full copies of each or any of these statements can be supplied if required. As they are voluminous, and as summaries have already been provided, it is not proposed to attach them to this report.

The Committee records its warm appreciation of the services as Secretary, first of Mr. Jack Stephens, and then of Mr. Bert Thompson, M.H.R.

FOR THE COMMITTEE

Allan Fraser

ALLAN FRASER
Chairman

December 3, 1960.
Canberra.